



NEWSLETTER – July 2020

Summer holidays are little different than usual, Corona continues to keep us in ban, and the EU Member States have agreed on an EU budget. Besides news on these current topics in exciting times, we provide you with our usual Summer Readings Recommendations for your well-deserved vacation. Enjoy reading and (still) stay healthy!

In the name of the whole team:

Karl Aiginger, Heinz Handler, Anna Kanduth, Vanessa Koch and Alina Pohl

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Thank you for forwarding this newsletter to friends and partners!

1. Current Research Topic: **European Budget and the new compromise**

The decision on the **new Multiannual Financial Framework (MFF) for 2021 to 2027** has been agreed on in these days. It offers the opportunity to change the revenue as well as the expenditure side of the European budget. This is absolutely necessary given the traditional expenditure structure with high spending on agriculture and outdated priorities in other structural and investment funds.

The MFF is all important for **financing the European New Deal** and the **bridging of conflicts** between member states concerning further **enlargement, migration policy and partnership** with the South and the East, and an **active role of Europe in the new world order**. Discussion about the structure of taxes and revenues should not be overshadowed by conflicts about the size of revenues, reduced due to the Brexit, but driven by joint efforts of member states and European institution to increase well-being and taking the lead in fighting climate change and shaping globalization.

The **recent compromise** looks promising in many dimensions. But it has to be analyzed further in the next months as the reaction of the European Parliaments well as the further development in the health crisis and the impact on the economy is known in Europe but also the US and Africa.

Current Publications on that topic

Klaus Weyerstraß (2020): **Aufgabenverteilung zwischen EU und Mitgliedsstaaten**, PCC Working Paper 3/2020.

This paper analyses the allocation of tasks between the EU and the Member States against the background of the theory of fiscal federalism. It is shown that the Common Agricultural Policy is the largest single item in the EU budget, but from a theoretical point of view it should fall within the competence of the Member States. The negotiations on the multiannual financial framework 2021-2027 should be used to reorganise the responsibilities between the EU and the Member States more than is provided for in the current proposal.

2. New Research Topic: **Pillars of a Social Europe**

Our next research topic will be **Social Europe** in which we analyze intra-personal but also intra-regional inequality. Included topics are the impact of the recent crisis, the new European Budget and the new raised funds, against the background of the changing world order after US retreats from multilateralism, and China from its peaceful policy versus neighbors or near regions. The Green Deal has to be a systemic approach, this means that it has to foster dynamics that Europe takes the lead in fighting climate change but also equality.

Social Europe needs a special attention in and after the Covid 19 crisis. Inequalities are surprisingly large between regions in Europe, to some extent aggravated by migration to the west and to metropolises. It increased in the **health crisis**, has new north-west dimensions, and differences in school quality and home office become apparent during the crisis. It is also important for the climate policy that employment in old carbon intensive technologies is clustered in regions, which feels forgotten if coal mines have to be closed.

Some of these issues will be dealt with in the Just Transition Fund, but others have to be core elements of a new strategy of reconstruction and also innovation and education. Social issues will gain increasing importance, which is all important for the **socioeconomic model in Europe**.

Find more literature and more information on our new research topic "**Social Europe and the changing world order**" on our member area on our homepage (for members only - see below). Suggestions for stimulation papers are welcome!

3. Reads for Summer 2020

This read focuses not on the Covid Crisis, but on how the world will develop after it, given past changes and policy decisions made during the crisis. This means it focuses on globalization, how to make it more responsible, and whether the world will be bipolar or Europe can be the third player focusing on quality and an alternative model to the US and China. The recommended articles and books focus on how increasing inequality can be limited and fighting climate change can be realized, with the Covid Crisis placing a further heavy burden on poor nations and the less privileged, and with some lobbyists and populists trying to declare climate change as something that can be fought later.

Please find the Reads for Summer 2020 here

4. Publications and Articles

[Philipp Brugner and Klaus Schuch \(June 2020\): **The EU's global response to the COVID-19 crisis with a focus on the Eastern Neighbourhood and Africa**, ÖGfE Policy Brief 13/2020](#)

[Karl Aiginger \(2020\): **Europe dwarfed by international Media**, PCC Policy Brief 2/2020.](#)

According to international think tanks, in 2030 the world will be bipolar. One pole will be China, extending its influence in all parts of Asia as well as rising Africa. China is currently investing in "One Belt, One Road" as well as worldwide logistics centers. The other pole will be the US – the sole remaining superpower after the demise of Communism – which is, however, currently retreating from multilateralism. Forecasts differ with respect to when China will become the largest nation measured by share in production, manufacturing and exports.

[Klaus Weyerstraß \(2020\): **Aufgabenverteilung zwischen EU und Mitgliedsstaaten**, PCC Working Paper 3/2020.](#)

This paper analyses the allocation of tasks between the EU and the Member States against the background of the theory of fiscal federalism. It is shown that the Common Agricultural Policy is the largest single item in the EU budget, but from a theoretical point of view it should fall within the competence of the Member States. The negotiations on the multiannual financial framework 2021-2027 should be used to reorganise the responsibilities between the EU and the Member States more than is provided for in the current proposal.

[Karl Aiginger and Judith Kohlenberger: **Österreich: Aufnahmeland wider Willen? Fehlende Strategie für die Nutzung der neuen humanen Ressourcen**](#)

Austria has the third highest proportion of the population born abroad (after Cyprus and Luxembourg). It is therefore ahead of any EU Member State of the same size or larger. This is largely due to historical and geographical reasons, but also to its attractiveness as a destination in terms of security, income levels and economic needs. Forcing immigration has never been a political priority; this would also have been rejected in the political debate. There were neither effective recruitment programs for qualified people, they would have been more likely to be hindered in carrying out the jobs they had learned. Efforts to integrate are rather limited, as are attempts to manage migration on a regional basis. One consequence of this is that the educational success of immigrant children differs greatly from that of the endogenous population and, most recently, there is also a high proportion of pupils with little knowledge of German in primary schools. At the same time, historical failures in the integration of migrants tend to jeopardize the acceptance of open-border policies and the deepening of European integration.

The article was published in the last issue of the [Europäische Rundschau](#), which is now closed after 47 years and has contributed much to Austria's orientation towards Europe.

5. Event: Relations between Africa, Europa and the US

We experience today many disruptive developments as well as radical innovations. Africa is awakening, Europe switches from migration and renationalization as topics deciding elections to green deal and geopolitical partnerships under the New Commission, US citizens seem to like the policy of Donald Trump as well as that of Bernie Sanders. All this looks like disruptive innovations as described by Joseph Schumpeter who also lived part of his carrier in Africa, Europe and the US. Our meeting intends to discuss some of these issues from different perspectives and specifically wants to connect the African community in Vienna with Austrian experts and researches interested in path breaking developments in the three continents are time in which China regains its position as largest economy.

Planned panelists were amongst others **Adams Bodomo** and **Judith Kohlenberger**. In cooperation with the Schumpeter Society.

Monday, 28. September 2020, 10:00 - 13:00

University of Vienna

Due to the circumstances around Corona-Virus the event may take place as online conference meeting – [please look on our homepage for latest updates and information](#) or contact nina.nenning@querdenkereuropa.at

6. Press & Media

Various Press Articals, OpEds and commentaries have been published from PCC team-members.

[Find all articles here](#)

Selected press highlights of the PCC team:

We have a health crisis, an economic slump, we create storms and drought writes Karl Aiginger in the article [Europa muss die Welt aus einer Dreifachkrise herausführen - und Österreich kann Vorbild sein](#), in Kronen Zeitung, 21 July 2020.

Read the interview with Karl Aiginger on [Wirtschaft und Umwelt unter einen Hut? Wie es um die Öko-Wende in Österreich steht](#) in Der Standard, 29. June 2020.

Austria should not polarise the North-South conflict, but mediate; writes Heinz Handler in his article [Die Eurozone hängt am seidenen Faden](#) in Wiener Zeitung, 25. May 2020.

[EU-Corona-Rettungsschirm: Hilfe ohne Rückzahlung?](#) asks Karl Aiginger in Kurier, 2. June 2020.

A new industrial policy could bring a petrified society back on the success track, writes Karl Aiginger in [Industrial policy for the 21st century, lessons for Japan](#), in The Japan Times, May 2020.

The response to the economic crisis triggered by Covid-19 must support long-term

goals. Accordingly, the crisis must not be a reason to repeat mistakes from the financial crisis, postpone environmental goals or increase tax rates; says Karl Aiginger in [Ohne strukturelle Änderungen keine Erholung](#) in Ökonomenstimme, 20. May 2020.

7. PCC Membership & exclusive Member Area

The increasing number of members and cooperation partners, hundreds of visitors to our panel discussions and overwhelming feedback on our activities show us that we are addressing the pulse of time: a need to discuss the future of Europe in the globalizing world, stimulate reforms, develop a new narrative for Europe and reconnect Europe with its citizens.

If you are interested in contributing to our work and would like to actively participate in designing Europe's future, we look forward to welcoming you on board as a new PCC-Member!

PCC members have **exclusive access to our Member Area** at the homepage on which we collect most important **references to relevant topics**. Currently, you find literature on the **EU Budget (MFF)**, consequences of the **Corona crisis**, the **European Green Deal** and now **NEW: Social Europe**.

For further information, please visit [our homepage](#).

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8. Cooperations

Cooperations with other organizations and platforms exist and are highly welcome. A special concern of the Policy Crossover Center is the involvement of youth. The younger generation will decide Europe's future in the long run and hence decide upon nationalist versus open solutions.

If you are interested in cooperating with us, please contact us.

For further information, please visit [our homepage](#).

Contact: alina.pohl@querdenkereuropa.at



We welcome your valuable advice and inputs on the discussion about Europe's future! Please feel free to comment on our work at info@querdenkereuropa.at

Please note: If this message ends up in your spam folder, please add karl.aiginger@querdenkereuropa.at to your personal address book. Thank you!



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